

CHESTER J. CULVER
GOVERNOR

PATTY JUDGE
LT. GOVERNOR

SUSAN E. VOSS
COMMISSIONER OF INSURANCE

September 19, 2008

The floods of 2008 are now history, but we will live with their impact for years to come. We know this because we had a similar catastrophic series of floods fifteen years ago. In the interim, we have had local flooding events, such as occurred last year in southwest Iowa. Each time this happens, among the people who are affected we seem to always find a few who are surprised to learn that their homeowners or renters insurance doesn't pay for damage from flooding.

The challenge is to educate the population to the coverage options available to them and to assure that federal flood insurance programs have the necessary participation and cooperation in all of Iowa's communities and counties. We know this committee shares the Insurance Division's interest in advancing the flow of information to all Iowans. The Division will continue our efforts to acquaint consumers with the known risks that too many Iowans still haven't transferred to the program designed for that purpose. We are also exploring additional methods of making sure consumers understand limitations of policies at the time of purchase.

We received several questions from legislative staff in anticipation of our appearance at this committee. Those questions, and our attempt to provide answers to them, follow:

Q. Regarding flood insurance they want to know about eligibility, coverage, when people should purchase, differences between residential and business coverage, as well as what is being done to provide information to consumers related to flood insurance.

A. Every year, at least once a year, we do releases on the need for homeowners and businesses to look into flood insurance, noting in each release that homeowners insurance never covers flood events (See Attachment A). Getting the word out is one thing. Getting people to internalize and accept the reality of their individual need to respond to their risk is another. It's a frustrating fact that insurance becomes important to you only when it IS important to you. That's why young and healthy people are less frequently among those buying health insurance, disability plans, investments for retirement and long-term care insurance. Many see flood insurance as an unlikely event, and therefore buying it is not high on their priority list. Perhaps subsequent releases in the wake of this year's massive floods and all the news about them will seem more newsworthy and more relevant, with more papers running the piece and more readers considering its implications.

Q. What are the regulations in place requiring consumer information?

A. There are currently no regulations that require consumer information. The National Flood Insurance Program runs advertising and informational campaigns frequently to encourage homeowners and businesses to protect themselves and the National Association of Insurance Commissioners (NAIC) vigorously joins in the effort to get the word to consumers. (See Attachment B) As we have said above, so

does the Insurance Division. Insurance policies explicitly list losses due to flood among the exclusions of the policy. All that being said, distribution of information is not required. A recent survey showed that about 75% of policyholders know that flood is not covered. It is hard to say how to get the message through to the other 25% when they have had multiple exposures to the information over time. (Attachment C – Investor's Business Daily article from July 28.)

Q. Also, for property owners who are not in a floodplain and whose mortgage lender did not require flood insurance, but who had damage - what is their recourse?

A. As long as their communities participate in the federal plan, they can purchase the coverage, even when it is not required. The fact that they are not in a flood plain will reduce their rates. Supplemental coverage is available from some specialty insurance companies for coverage beyond the limits of the NFIP or for consumers whose communities do not participate in the NFIP, but these are more expensive than the NFIP option.

Q. In addition, backups of storm water sewers are apparently covered under separate insurance and not covered under a person's regular home policy.

A. More precisely, the option to cover storm sewer backup exists as an endorsement addition to homeowners policies offered by some companies who choose to market this optional extra coverage, and then only at some times. There are some companies that never offer this extra protection, and sometimes the companies that do sell it stop doing so when floods are imminent and their risk of losses is high. Companies are not required to offer this endorsement. Such a requirement would of necessity increase the cost of coverage for every Iowan. Some Iowans have never had a loss from storm sewer backup and never will, and therefore might resist such a coverage mandate.

Q. Yet, there does not seem to be much public awareness about this.

A. As is the case with flood insurance, the information is available, but the distribution of the information is probably more irregular than in the case of flood insurance. The optional nature of the endorsement, when it exists for customers of those companies that offer the endorsement, may contribute to some peoples' lack of awareness.

Q. Yet, many of the damaged homes in Iowa are due to storm water sewer overflows. Does the IID provide information to homeowners on this type of insurance at the same time when they send the press release related to flood insurance?

A. Upon review, we have not always included storm sewer backup comments in our releases in recent years. That has not been by design, and making a change to suggest that consumers check to see if storm sewer backup protection is available to them in future releases is possible and seems like a good addition to make to the annual message. Routinely we encourage consumers to review all of their insurance coverage annually with their agent so they understand their coverage and their risks. If they did so, they would also be exposed to more optional protection elements such as sewer backup coverage in a one-on-one conversation with their agent.

Q. The Committee is interested in hearing all of these items related to flood insurance and perhaps some suggestions for how to improve information and public awareness.

A. One answer might be to have consumers' applications for homeowners coverage include an accept/reject signature in regard to the additional flood coverage through the NFIP or sewer backup endorsements when they exist. Some agents and companies are already making a practice of the use of such a declination form in which a consumer signs that they have been offered one or more specifically named optional additional coverage provisions (including sewer backup), but elect to not make the additional purchase of the endorsements. (Attachment D is an example of a company's notice of other available but not in-force coverage, including sewer backup, and lists the need to purchase NFIP coverage to cover flood losses.) As stated above, the Division will continue to distribute its message about the need for flood insurance, but will add a reference to the need to look into sewer backup protection. The NFIP will certainly continue its advertising and dissemination of written information, as will the NAIC. Companies and agents will continue to market available coverage. These are all positive and useful practices. A requirement that companies making sewer backup coverage available get signatures from clients who decline it to make sure the client is aware of the option is a possible additional practice.

Q. What are the mechanisms that IID uses to convey the information?

A. The IID makes information about flood insurance known to the public in a number of ways. The Division does regular press releases in the spring, posts the information on its web site, advises consumers who call with inquiries, distributes written NFIP information and directions to NFIP online resources when consumers express an interest in it and verbally addresses the need to protect property from floods as part of presentations to groups made by the IID Speakers Bureau on the topic of insurance protection.

Q. Also, are there any legislative actions that could help, especially with making sure that Iowans have the coverage they need or with the flow of information to Iowans?

A. We're looking into a non-legislative action we may be able to implement that would require each homeowners policyholder at the time of application for coverage to sign that he or she has received information on each available added option such as sewer back up and have either elected to purchase it or have made an informed decision to reject it. This approach has the advantage of getting the information out on a one-on-one basis at the point of purchase, which should raise the probability that the consumer is tuned in to protection issues that truly matter in his or her own home. (Attachments E&F are, respectively, a letter used by an Iowa agent about flood and sewer backup coverage and a signature page from a homeowners insurance application illustrating how consumers are advised of and can elect to proceed with or reject flood and sewer backup options. Attachment G is a copy of a generic industry template for advice of coverage and an informed rejection of flood insurance, if the consumer so chooses.) No additional legislative action appears to be needed to facilitate this change.

We trust that this has helped to clarify the issues related to making sure people understand the risk they bear when they do not insure their homes against floods. We also want to educate more people that some insurance companies offer special optional coverage for sewer backup. While many of the practical barriers to some Iowans' inability to participate in the national flood insurance plan is outside the authority of our Division, it does intend to continue and increase its efforts to at least get homeowners whose communities do participate to consider the purchase of this important plan of protection. The Division will strive to assist the work of this committee in answering insurance questions or implementation of new approaches the committee may suggest.

Attachment A

NEWS & INFORMATION FROM THE IOWA INSURANCE DIVISION

Iowa Insurance Division
330 Maple Street
Des Moines, Iowa 50319
February 11, 2008

Contact: Tom Alger, Communications Director
PH 515.242.5179
FX 515.281.3059
Tom.Alger@iid.state.ia.us

FOR IMMEDIATE RELEASE

If the River is Rising, It's Too Late to Buy Flood Insurance.

Recent weather warnings point out reasons to consider having flood insurance.

Last week we heard from climatologists that there are indications that we could have significant flooding this spring. Snowfalls are well above average, and the ground was saturated and rivers were full as we went into winter in Iowa. That combination creates a potential for spring floods. If we also get heavy rains, floods are almost guaranteed. Homeowners insurance is not designed to protect property owners against this risk.

Unlike some insurance coverage, flood insurance is not immediately effective. If you buy an auto insurance policy and are involved in an auto accident while returning from the agent's office, the coverage protects you. Flood insurance doesn't work like that. Having flood protection in force in the early spring means you need to be making your purchase in the winter.

What is a flood?

A flood is an excess of water (or mud) on land that's normally dry. The National Flood Insurance Program (NFIP) defines flood as a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is the policyholder's property) from: overflow of inland or tidal waters, unusual and rapid accumulation or runoff of surface waters from any source, mudflow, or collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels.

What is Flood Insurance?

- Flood insurance is a special policy that is federally backed by the NFIP and available for both homeowners and businesses.
- You can buy flood insurance for your home or business regardless of whether the property is in or out of a floodplain, as long as the property is located in a participating community.
- You may buy flood insurance covering up to \$250,000 of flood damage to your home. A standard flood policy will cover structural damage, including damage to the furnace, water heater, air conditioner, floor surfaces (carpeting and tile) and debris clean up.
- For an additional premium, you also may buy flood coverage for up to \$100,000 of damage to the contents of your home.

- Coverage is available for up to \$500,000 for non-residential buildings and their contents.

How Much Does Flood Insurance Cost?

According to FEMA, the average homeowners flood insurance premium is a little more than \$500 a year.

Premiums for flood insurance will vary depending upon your risk level for a flood loss, the amount of coverage you choose, the type of coverage you need and your deductible.

How Can I Buy Flood Insurance?

You can purchase flood insurance for your home or business regardless of whether the property is in or out of a floodplain, directly from your property and casualty insurance agent, or insurance company if your community participates in the NFIP. To find out if your community participates, visit www.fema.gov/fema/csb.shtm.

Your insurance agent or insurance company also can confirm whether flood insurance is available to you and what it would cost.

Plan Ahead — There is a 30 Day Waiting Period!

It is very important to plan ahead. A flood insurance policy normally will not go into effect until 30 days after you purchase the policy.

Additional Safety Tips

- For personal safety, identify what storm shelter is available to you and prepare an evacuation plan.
- Make sure you have bottled water, a first aid kit, flashlights, a battery-powered radio, non-perishable food items, blankets, clothing, prescription drugs, eyeglasses, personal hygiene supplies and a small amount of cash.
- If you need to evacuate your home, turn off all utilities and disconnect appliances to reduce the chance of additional damage and electrical shock when utilities are restored.
- Take proactive steps to protect your property from loss. Be sure there is no loose siding on your home and no damaged or diseased trees growing over your home.
- Take an inventory of your personal property, such as clothes, jewelry, furniture, computers and audio/video equipment. Photos and video of your home, as well as sales receipts and the model and serial numbers of items, will make filing a claim simpler. In addition, add insurance information to your inventory information — the name of your company and agent, policy number, and contact information.
- Move all of your important documents to a safe location. Take them with you when you evacuate or store them in a safe deposit box outside the area.

For more information about flood insurance, visit the NFIP Web site at www.fema.gov/business/nfip/.

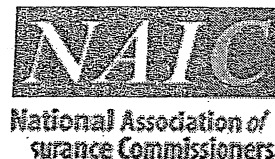
The Iowa Insurance Division urges Iowans to consider purchasing protection for this type of risk. Voss says, "A flood can strike just about anytime and anywhere. Once a flood happens, or in the days before it does, it's too late to prevent financial devastation. If you are to be protected, you have to plan ahead."

About the Iowa Insurance Division

The Iowa Insurance Division (IID) has general control, supervision and direction over all insurance and securities business transacted in the state, and enforces Iowa's laws and regulations. The IID investigates consumer complaints and prosecutes companies, agents and brokers engaging in unfair trade practices.

Consumers with insurance or securities-related questions or complaints may contact the IID toll free at 877-955-1212 or visit the division on the web at www.iid.state.ia.us.

Attachment B



HOME ABOUT THE NAIC CONTACT US HELP
 Committees & Activities
 Government Relations Office
 Securities Valuation Office

The NAIC Search Tool
 Search NAIC and Member Sites

Members & Regulators

Current Issues

CONSUMERS INDUSTRY MEETINGS NAICSTORE

Flood Insurance

The National Flood Insurance Act of 1968 authorized the creation of the National Flood Insurance Program (NFIP) because this type of insurance was unavailable from the private insurance markets. FEMA was overwhelmed by NFIP claims from the 2004 and 2005 hurricane season, and Congress had to act to raise the programs borrowing authority to pay claims. Fundamental reforming of the program is necessary to ensure its viability going forward.

Regulation of the property insurance market is handled mostly at the state level by NAIC members, but the NFIP is a federal program where state regulators have no formal authority. To ensure consumers are protected an informed the NAIC collaborates with the NFIP. This working relationship has developed minimum flood insurance training and education requirements for agents who sell flood insurance policies for FEMA.

There is now a push in Congress to expand the flood program to offer wind coverage. The NAIC has called for a more comprehensive insurance policy that offers consumers seamless coverage for all catastrophic perils. Integrating the flood program into such a policy should be considered as part of any flood reform package.

Legislative Information

Issue Brief

HR 3121 - The Flood Insurance Reform and Modernization Act of 2007

HR 3121 Section by Section Summary

HR 1682 - Flood Reform Act of 2007

HR 1682 - Flood Reform Act of 2007 Summary

HR 920 - The Multiple Peril Insurance Act of 2007

HR 920 - The Multiple Peril Insurance Act of 2007 Summary

Congressional Testimony

NAIC Testimony before the House Subcommittee on Housing and Community Opportunity regarding All-Perils Insurance Coverage
 (7/17/07 - Sandy Praeger)

Congressional Letters

Letter to Senate Committee on Banking, Housing, and Urban Affairs on State-Sponsored, Non-Binding Mediation of Flood Insurance Claims
 (03/10/06 - Alessandro Iuppa, Walter Bell, Catherine Weatherford)

Draft White Papers

The National Flood Insurance Program: Recent Experiences with the NFIP

Press Releases

PRESSROOM

NAIC Testifies Before Congress on All-Perils Insurance
 07/18/07

NAIC Model Bulletin Strengthens Requirements for Selling Flood Insurance
 09/11/06

NAIC Commends Flood Insurance Reform
 U.S. House of Representatives Passes Bill to Modernize The National Flood Insurance Program
 06/30/06

NAIC Commends Senate Committee for Support of Flood Claims Mediation
 05/25/06

NAIC Commends House Committee for Support of Flood Claims Mediation
 03/16/06

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755 words

Water Rising? Look At Flood Insurance: Hurricane Season Alert: Proper coverage saves you from getting soaked by costly flood damages

DONALD JAY KORN

Hurricane Dolly slammed into Texas on Wednesday. Earlier this year, flooding in the Midwest pummeled thousands of homes. Damages are in the billions of dollars.

A year ago more than one-third — 35% — of all Americans mistakenly believed their homeowners' insurance policies cover repairs or replacement from flood.

Now only 27% have that misunderstanding, the Insurance Information Institute says. Still, that's a lot of people who will feel disappointed if flood disaster strikes.

Knowing that your homeowner's policy does not guard you from flood gives you time to decide in advance if you need more insurance.

Flooding is the leading natural disaster in the U.S., reports the Federal Emergency Management Administration. Flood losses averaged \$2.4 billion a year the past decade.

If you don't have the right coverage, costs of rebuilding come out of your own wallet.

Special insurance policies can provide protection. The danger isn't limited just to homes near an ocean or a river. "Last year, 20% to 25% of the nation's flood insurance claims came from low-to-moderate-risk areas," said David Maurstad, FEMA's federal insurance administrator.

You can find your-area's flood risk at floodsmart.gov. Provide your address and you'll learn whether you live in a high-risk area or a low- to moderate-risk area.

You also will see contact information for agents who can sell you a flood insurance policy. Coverage is available through the National Flood Insurance Program, which is administered by the federal government. NFIP policies are sold by private insurance companies.

NFIP flood insurance can cover your home for up to \$250,000. Contents can be insured up to \$100,000.

Renters also can cover their belongings for as much as \$100,000. And owners of business property can get up to \$500,000 of insurance for the building and another \$500,000 for its contents.

Attachment D



State Farm Fire and Casualty Company

P.O. Box 82542
Lincoln, NE 68501-2542

AT1

003708

F-06- 3616-F180

H

F

DES MOINES IA

POLICY NUMBER

HOMEOWNERS AVAILABLE COVERAGE NOTICE

SEE RENEWAL CERTIFIC.

IT IS IMPORTANT THAT YOU OCCASIONALLY REVIEW THE COVERAGES AND LIMITS IN YOUR HOMEOWNER POLICY TO BE CERTAIN YOUR NEEDS ARE BEING MET. THE FOLLOWING INFORMATION WILL ASSIST YOU IN THE REVIEW PROCESS.

THE COVERAGE LIMITS FOR COVERAGE A - DWELLING, COVERAGE B - PERSONAL PROPERTY, COVERAGE L - PERSONAL LIABILITY, AND COVERAGE M - MEDICAL PAYMENTS TO OTHERS ARE LISTED ON THE ACCOMPANYING RENEWAL NOTICE. PLEASE REVIEW THESE LIMITS TO DETERMINE IF THEY ARE ADEQUATE IN THE EVENT OF A LOSS.

THE FOLLOWING IS A PARTIAL LIST OF THE OPTIONAL COVERAGES YOU HAVE NOT ADDED TO YOUR POLICY. THEY MAY BE AVAILABLE TO YOU FOR AN ADDITIONAL PREMIUM.

Back-Up of Sewer or Drain (for damage caused by water from outside the plumbing system which backs up through sewers or drains)

Business Property (for higher limits)

Business Pursuits Liability (for teachers, school administrators, sales persons, and clerical workers)

Child Care Liability (for those providing child care in their home)

Earthquake

Firearms (for broadened coverage and higher limits)

Home Computers (for higher limits)

Incidental Business Liability (for those with an incidental office, studio, or school in the home)

Jewelry and Furs (for broadened coverage and higher limits)

Loss Assessment (for neighborhoods with Homeowners Associations)

Nurses Professional Liability (for those in the nursing profession)

Personal Injury (for your liability to others caused by certain acts of libel, slander, invasion of privacy, false arrest)

Silverware/Goldware (for broadened coverage and higher limits)

This notice contains only a general description of the coverages and is not a contract. All coverages are subject to the provisions in the policy itself. Should you have a need for any of these coverages or higher limits, contact your State Farm Agent to discuss details, cost and eligibility.

Special Notice

If you have a need for Flood Insurance, contact your agent to determine if you are eligible for coverage through the National Flood Insurance Program. A separate application is required.

Attachment E

Office Hours:
Monday - Thursday 8:30 to 5:30
Friday 8:30 to 5:00
Saturday 9:00 to 1:00

www.americanfamily.com
info@americanfamily.com

August 8, 2008

*****CART Endorsement Line 1-2-100

Sample Policyholder

123 MAIN ST

Springfield

MA 01103

Phone: (508) 555-1234

Dear Polly:

Did you know that homeowners insurance does not cover all damage to your home caused by water or a flood?

American Family Insurance offers coverage that you can add to your existing policy that protects you against covered losses caused by sewer back-up and sump-pump overflow. Here are some details:

Coverage is available for sewer back-up and sump-pump overflow. This endorsement covers direct damage to your house and specifically listed personal property items caused by waste that backs up through sewers, drains or water that overflows from a sump-pump - up to specified limits.

American Family Insurance also sells flood insurance that is backed by the Federal Government. The National Flood Insurance Program (NFIP) provides flood insurance at affordable rates. Flood insurance provides important protection against structural repair costs and covers a limited range of household items. It is a separate policy.

Get the right insurance at the right price. Call me today at (319) 377-5797 or return the card below.

Sincerely,

[Redacted Signature]

Your American Family Agent



An Outstanding Customer Experience

P.S. Let's review your homeowners policy today. Give me a call at (319) 377-5797 to make sure your home is adequately covered.

The National Flood Insurance Program (NFIP) is managed by the Federal Emergency Management Agency (FEMA), a component of the U.S. Department of Homeland Security (DHS).

[Redacted Address Block]

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☒ Yes, I am interested in a FREE, no-obligation review of my homeowners insurance.

You may call me at phone number: () -

Best time to call: ☐ Morning ☐ Afternoon ☐ Evening

I prefer to be contacted by e-mail at: _____



I am interested in the following products and services offered by American Family Mutual Insurance Company checked

below:

☐ Auto

☐ Health**

☐ Life +

☐ Personal Liability Umbrella

☐ Homeowners/Renters

☐ Personal Insurance Review

Some products not available in every state

Sample Policyholder
123 MAIN ST
Springfield
MA 01103
Phone: (508) 555-1234

Attachment

Named Insured

Policy Number

FORM 4/6	INSURABLE VALUE UNSCHEDULED PERSONAL PROPERTY	CONDOMINIUM UNIT-OWNERS CHECK ASSOCIATION AGREEMENT FOR COVERAGE A NEEDS	CONDO-UNIT EVER RENTED TO OTHERS? <input type="checkbox"/> YES <input type="checkbox"/> NO	IF YES, HOW MANY DAYS PER YEAR?	INDICATE OCCUPANCY(IES) OTHER THAN RESIDENTIAL
	FORM 4/6 AND / OR TOWNHOUSES / ROWHOUSES		NUMBER OF UNITS IN BUILDING	NUMBER OF UNITS BETWEEN FIREWALLS	
THIRD PARTY INTEREST (TPI) If Additional Third Party Interest, Use Remarks			THIRD PARTY NAME		
INTEREST TYPE: <input checked="" type="checkbox"/> Mortgagee <input type="checkbox"/> Titleholder <input type="checkbox"/> Contract Seller <input type="checkbox"/> Co-Owner <input type="checkbox"/> Loss Payee <input type="checkbox"/> Additional Inad/Interest			LOAN NUMBER		
THIRD PARTY ID NUMBER			ADDRESS		
ARE DECLARATIONS OR INFORMATION ONLY NOTICES TO BE SENT TO THIRD PARTY AT POLICY RENEWAL DATE? <input type="checkbox"/> YES <input type="checkbox"/> NO			CITY		
IF YES, <input type="checkbox"/> DECLARATIONS <input type="checkbox"/> INFORMATION ONLY NOTICES			STATE		
BILLING ADDRESS			ZIP		
SEND BILL TO: <input type="checkbox"/> NAMED INSURED <input checked="" type="checkbox"/> TPI <input type="checkbox"/> OTHER PARTY (IF OTHER PARTY OR DIFFERENT THAN MAILING ADDRESS)			BILLING NAME countrywide home loans		
			ADDRESS p o box 10212		
			CITY van nuys		
			STATE ca		
			ZIP 91410		
List All Options And Endorsements By Number And Name					
POLICY COVERAGE INFORMATION					
<input type="checkbox"/> COUNTRYSIDE PROGRAM (INCLUDE RURAL INSURED CHECKLIST)					
DEDUCTIBLE: \$1,000 <input type="checkbox"/> \$250 THEFT DED					
LIMITS					
PREMIUM					
REPLACEMENT COST 100% \$165,414 Survey#:					
COV A - DWELLING/REAL PROPERTY 181,000 \$665.00					
CUSTOM VALUE RATING: COVERAGE A + REPLACEMENT COST = _____ % REPLACEMENT PREM \$ _____ X REPLACEMENT FACTOR _____ =					
COV B - PERSONAL PROPERTY 135,800					
COV C - LOSS OF USE ACTUAL LOSS INCURRED WITHIN 12 MONTHS					
PERSONAL LIABILITY (EACH OCCURRENCE) \$300,000					
MEDICAL EXPENSE (EACH PERSON) \$1,000					
CREDITS / DISCOUNTS					
SURCHARGES					
OPTIONS / ENDORSEMENTS (AS INDICATED ABOVE)					
QUOTED POLICY PREMIUM \$665.00					
The quoted policy premium is subject to verification and adjustment when necessary, by the Company.					
CUSTOMER BILLING/AMPLAN ID NUMBER					
New Cust Billing					
AMOUNT PAID \$0.00 Money to MPC					
AMOUNT OF MORTGAGE					
TOBACCO USE:					
1. 2.					
APPLICANT / AGENT CERTIFICATION					
1. THESE STATEMENTS are accurate to the best of my knowledge. The Company may rely upon them in issuance of this policy. I understand that this policy may be subject to a minimum premium retention if I cancel this policy.					
2. INSPECTION: The Company may order an Investigative consumer report whereby information is obtained through interviews with friends, neighbors and other associates. Included is information on character, general reputation, personal characteristics, mode of living and verification of application information. I have the right to make a written request in a reasonable time to receive detailed information about the nature of any investigation which is ordered.					
3. CREDIT BUREAU REPORT: The Company may order a Credit Bureau Report which provides information about personal credit histories.					
4. SEWER BACK-UP: <input type="checkbox"/> I accept OR <input checked="" type="checkbox"/> reject Back-Up of Sewer and Sump Pump Overflow Coverage.					
5. FLOOD COVERAGE: <input type="checkbox"/> I accept OR <input checked="" type="checkbox"/> reject flood coverage through the National Flood Insurance Program.					
EFFECTIVE DATE IF NOT A TRIAL APP (MONTH, DAY, YEAR)					
EFFECTIVE STANDARD TIME					
COVERAGE NOT BOUND <input type="checkbox"/>					
PRIOR UNDERWRITING APPROVAL RECEIVED? <input type="checkbox"/> YES <input type="checkbox"/> NO					
4 4 2003 TO 4 4 2004 1201 <input checked="" type="checkbox"/> A.M. <input type="checkbox"/> P.M. TRIAL APPLICATION					
DATE APPLICATION TAKEN (MONTH, DAY, YEAR) TIME					
2 24 2002 1155 <input checked="" type="checkbox"/> A.M. <input type="checkbox"/> P.M.					
APPLICANT SIGNATURE(S)					
AGENT'S SIGNATURE					
I HAVE KNOWN THE APPLICANT 10 YEARS.					

ACORD FLOOD INSURANCE NOTICE/REJECTION

DATE

IMPORTANT NOTICE

Flood insurance is available under the National Flood Insurance Program (NFIP) in over 18,000 communities nationwide. It provides coverage for residential and non-residential buildings and their contents, in both high risk as well as low risk areas. Historically, about one quarter of all losses under the NFIP are in low risk areas.

The standard homeowners or commercial property insurance policy typically excludes or does not otherwise provide coverage for flooding events. Purchasing separate flood insurance coverage will allow covered flood losses to be adjusted in a similar manner as losses from other perils in other property policies.

The Federal Emergency Management Agency (FEMA) advises that although federal disaster relief assistance is sometimes available after a flood, such financial assistance is typically in the form of a loan and must be repaid to the Government in addition to any other outstanding loans.

VOLUNTARY ELECTION NOT TO PURCHASE FEDERAL FLOOD INSURANCE

I understand that flood insurance coverage is available for the property located at the address below, but I hereby elect not to purchase such coverage.

Applicant's Signature _____ Date _____

Address of Property _____

Producer _____ Date _____



September 7, 2008

Make flood insurance available to all

The Register's editorial

The devastating floods in Iowa this spring can have a silver lining if the state moves forward better prepared for the future. Task forces and community officials are considering everything from updating flood maps to buying out flood-prone homes. In the aftermath of disaster, there are many lessons to be learned.

But apparently some community leaders are slow learners.

About 130 Iowa communities don't participate in the National Flood Insurance Program, administered by the Federal Emergency Management Agency. Unless their community is signed up, homeowners can't buy this insurance. The troubling number of communities that aren't participating garnered attention following the floods. But it's even more troubling now, months later, that they're still dragging their feet.

According to the Iowa Department of Natural Resources, only a dozen additional communities have expressed interest in the program; three have joined this summer.

This should outrage Iowans. It should also prompt the Iowa Legislature to mandate that all communities participate in the federal program. Here's why:

1. Property owners in nonparticipating communities can't purchase federal flood insurance.

FEMA offers flood coverage to homeowners and businesses to protect against losses in floods. In fact, the federal government requires this insurance for properties in flood-prone areas if they have federally backed mortgages. But about half of Iowa households in 100-year-flood plains (with an estimated 1 percent chance of flooding each year) don't have the insurance.

Perhaps they think they don't think need it. Perhaps a lender didn't tell them flood insurance is required, or a mortgage is paid so it's no longer mandatory.

Or maybe their communities don't participate in the flood-insurance program. When cities or counties with land-use authority over properties don't join the program, property owners can't purchase federal flood insurance even if they want to.

Leaders in these communities have apparently decided it's OK to leave property owners without this option to protect themselves from damage incurred during a flood. That's egregious after Iowa just endured some of the worst flooding in its history.

The widespread lack of flood insurance has hampered Iowa's recovery. Federal flood insurance won't make the owner of a badly damaged home whole, but it often means the difference between families rebuilding and rebounding fairly quickly or suffering a financial hit from which they may never recover.

2. Property owners in nonparticipating communities are not eligible for crucial federal disaster assistance after a flood.

Even those homeowners who have not opted to buy flood insurance may get assistance for rebuilding from the federal government - up to \$28,800 and eligibility for disaster loans - if their community participates in the flood-insurance program.

If not, "you're eligible for unemployment, death benefits and even dental, but you're not eligible for any money for rebuilding your structure or a loan," said Butch Kinerney, a public-affairs officer at FEMA.

The program even built in a safety net for nonparticipating communities. If a community decides to join within six months after a flood, residents with damage to properties may still be able to get assistance. Yet some Iowa communities still have not acted.

Bill Cappuccio of the Iowa Department of Natural Resources said he knows of 14 Iowans who have not been able to get federal disaster assistance this summer because their communities don't participate in the flood-insurance program.

The 14 Iowans applied to FEMA for help, but were denied because local officials opted not to join the program. They can thank their city council or county board of supervisors.

Community leaders should already be aware of the program, which has been around for decades. And they should have received letters recently from state and federal agencies telling them how to sign up.

One from the DNR to a county board of supervisors opens: "Dear Chairperson: As you are probably aware, your county is one of those included in a recent Presidential Disaster Declaration. However, because your community does not participate in the National Flood Insurance Program (NFIP), those people residing in the identified Special Flood Hazard Area are not eligible for most forms of federal disaster assistance."

Some communities still haven't joined. According to Kinerney, community leaders typically decline to participate because they don't want to place restrictions on developers or "don't want the federal government telling them what to do," he said. Some may be unaware their city doesn't participate or assume there's a cost to signing up. There isn't.

Communities are indeed required to set forth requirements to monitor development in areas where floods may hit. But that's a reasonable expectation in exchange for homeowners gaining protection backed by federal taxpayers. What's unreasonable is to block them from the option to gain that protection and possibly even to leave them without federal aid following a disaster.

Yet that's what some of Iowa's mayors, city council members and county officials are choosing to do. Their irresponsibility leaves Iowa lawmakers no choice but to intervene.